

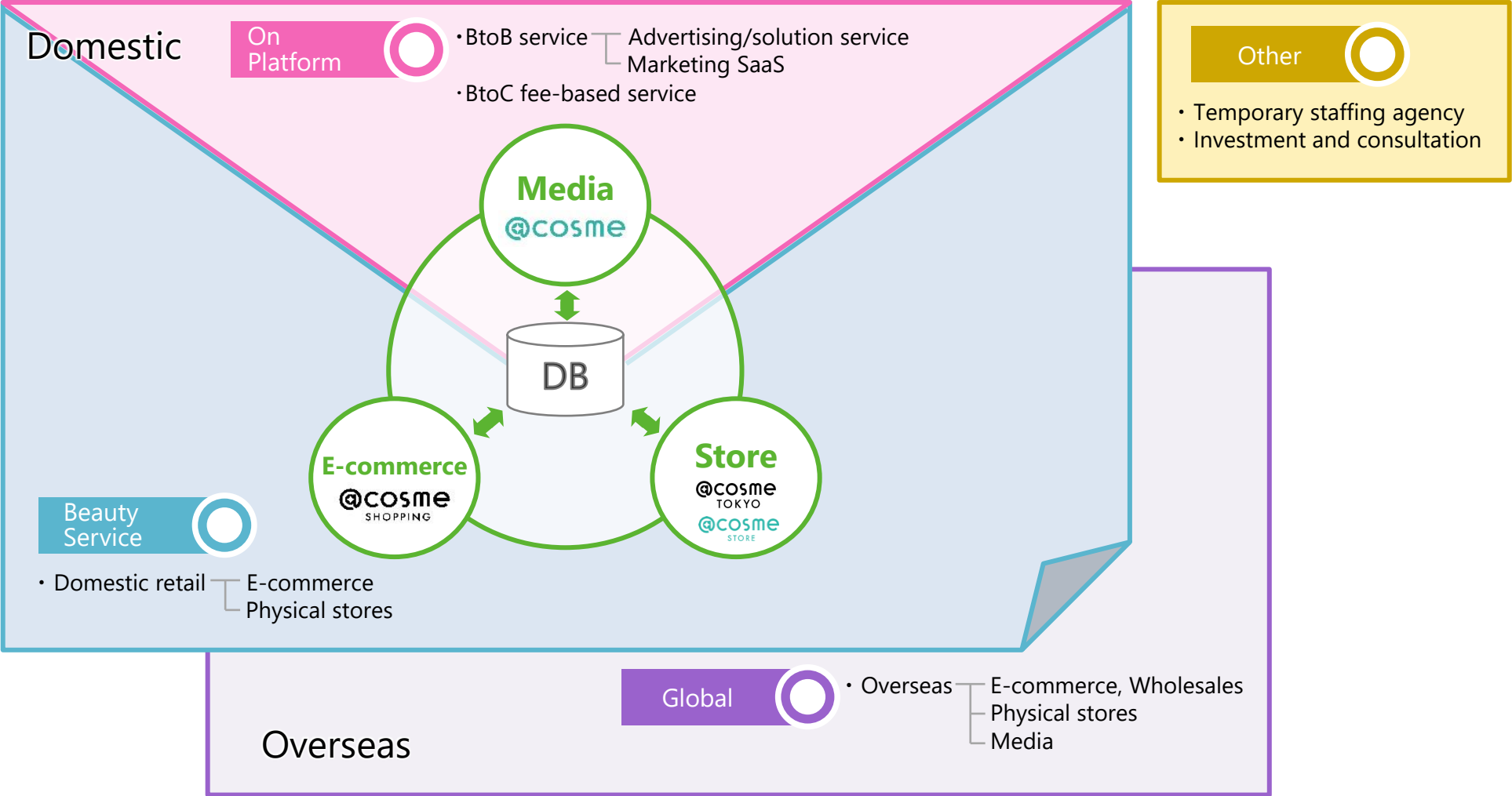


# Presentation Materials for the 3<sup>rd</sup> Quarter of FY2023



May 12, 2023  
istyle Inc.  
Stock code: 3660

# 【Reference】Business segment



## Overview of Financial Results for the 3<sup>rd</sup> Quarter of FY2023



## Q1 – Q3 Cumulative (July - March) / Summary

- **Net Sales** reached **a record high of 30.9 billion yen** (YoY +21.5%) for the first three quarters of the year.
- **Operating income** was **+1.1 billion yen YoY, turning profit at 540 million yen.**
- **Revised full-year forecasts upward** based on recent performance and trends.

### On Platform

**Sales grew by 7% YoY** due to the growth of stores and the accompanying growth of BtoB services including sales promotion.

Increased **profit by 400 million yen YoY.**

### Beauty Service

**Sales of stores made a significant leap to +45% YoY,** partly due to the market recovery.

**EC** also remained strong, maintaining double-digit growth at **+12% YoY.**

As a result, **operating income improved by 800 million yen YoY** due to the growth of stores, and **the segment remained profitable.**

### Global

Sales decline was limited due **to strong performance of Hong Kong stores.**

Unprofitable due to sluggish Korean business, but all other businesses remained profitable.

TOPICS :

Opening the second large-scale flagship store, **@cosme OSAKA**, this fall.

# Q1 – Q3 Cumulative / Highlights

## Consolidated Results



Stores continued to drive performance. Record sales and improved profit by 1.1 billion yen.

Net sales	:	<b>30,934</b>	Million yen	YoY	:	<b>121.5</b>	%
OP	:	<b>544</b>	Million yen	YoY	:	<b>+1,128</b>	Million yen

## On Platform



Sales promotion services grew along with store growth, and BtoB services remained strong.

Net sales	:	<b>5,838</b>	Million yen	YoY	:	<b>107.2</b>	%
OP	:	<b>1,045</b>	Million yen	YoY	:	<b>163.9</b>	%

## Beauty Service



Achieved double-digit growth YoY with store sales of +45% and EC sales of +12%. Increased sales in stores contributed significantly to increased profit.

Net sales	:	<b>20,897</b>	Million yen	YoY	:	<b>130.7</b>	%
OP	:	<b>884</b>	Million yen	YoY	:	<b>+803</b>	Million yen

## Global



China cross-border EC taking time to recover, however Hong Kong stores doing well. Unprofitable due to sluggish Korean business.

Net sales	:	<b>3,206</b>	Million yen	YoY	:	<b>95.6</b>	%
OP	:	<b>-79</b>	Million yen	YoY	:	<b>+65</b>	Million yen

## Other



Increased sales due to increased number of staff in operation in the Temporary Staffing business.

Net sales	:	<b>994</b>	Million yen	YoY	:	<b>145.1</b>	%
OP	:	<b>9</b>	Million yen	YoY	:	<b>48.0</b>	%

\* Sales and profit figures are expressed in units of millions of yen(rounded)

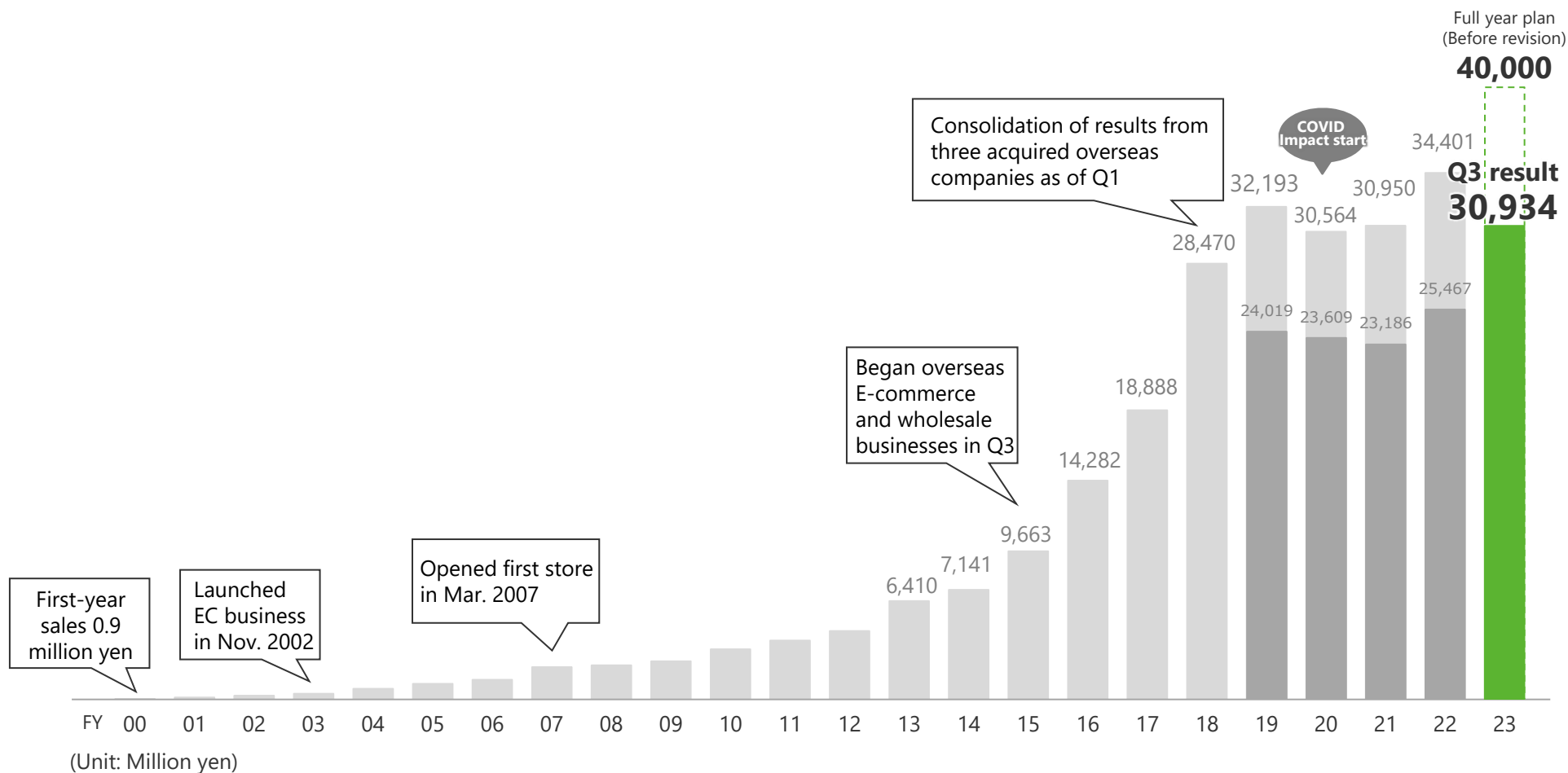
## Q1 – Q3 Cumulative / Overview of operating results (Progress to our target)

- **Achieved full-year target for operating income ahead of schedule** due to stores growth.  
**Revised full-year forecast** in light of the current situation (see page 20 for details).

(Unit Million yen)	<b>Q3/FY23 (Jul.-Mar.)</b>	<b>FY23 plan (Before revision)</b>	<b>% of Target</b>	Q3/FY22 (Jul.-Mar.)	YoY
Net sales	<b>30,934</b>	<b>40,000</b>	<b>77.3%</b>	25,467	121.5%
Gross point	13,931	-	-	11,665	119.4%
SG&A	13,387	-	-	12,249	109.3%
Operating income	<b>544</b>	<b>500</b>	<b>108.8%</b>	-584	+1,128
Ordinary Income	<b>205</b>	<b>170</b>	<b>120.7%</b>	-635	+841
Net income attributable to owners of the parent company	<b>20</b>	<b>30</b>	<b>66.3%</b>	-620	+640

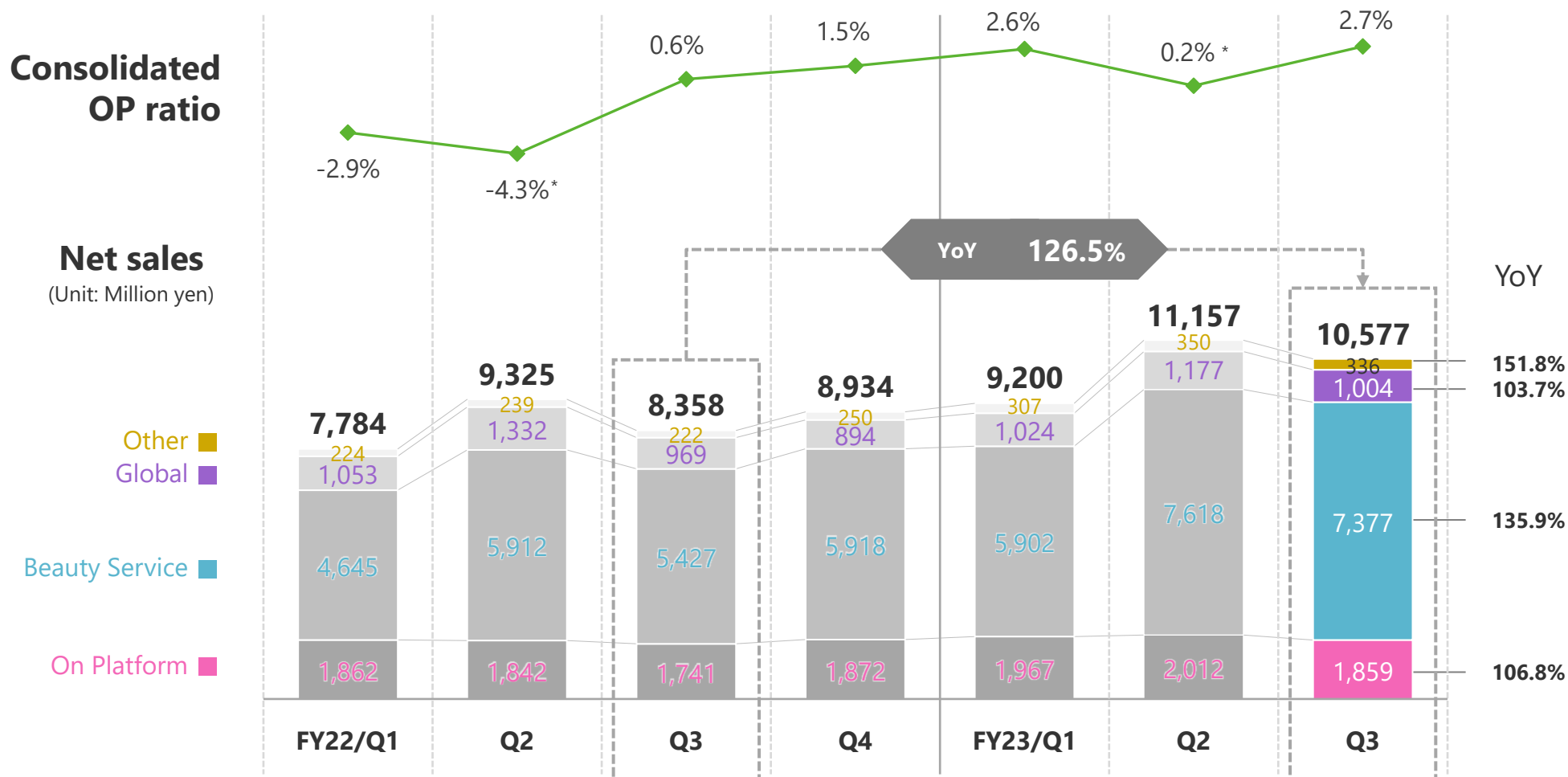
# Trend in net sales (Yearly)

- Record sales for the first three quarters of the year.



# Trends in segment sales (Quarterly)

- Beauty Service stores drove increased sales and increased profit.

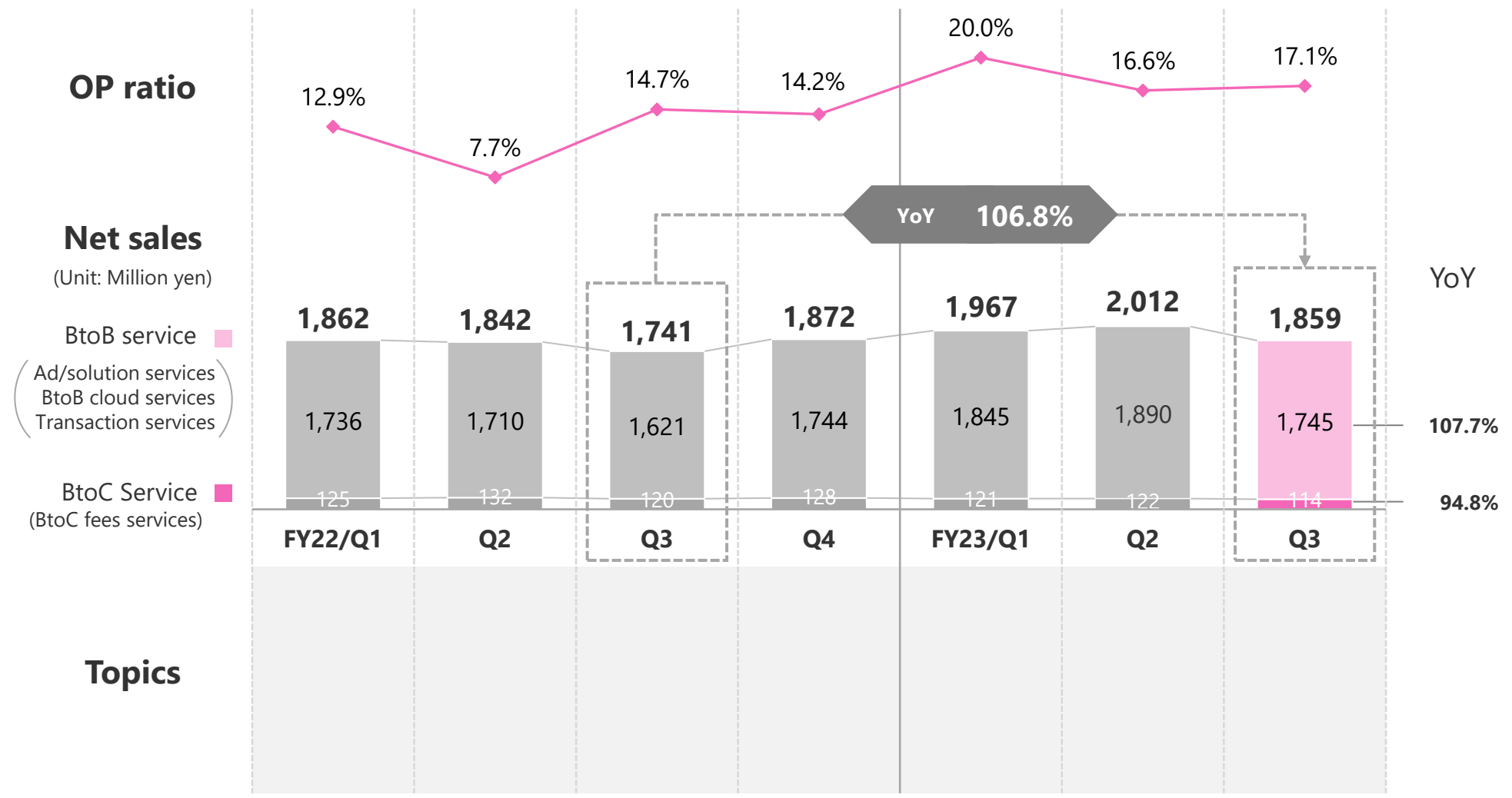


\* OP ratio excluding the impact of @cosme BEAUTY DAY promotional expenses Q2 FY22: -1.8% / Q2 FY23: 1.7%



# Trends in segment sales (Quarterly)

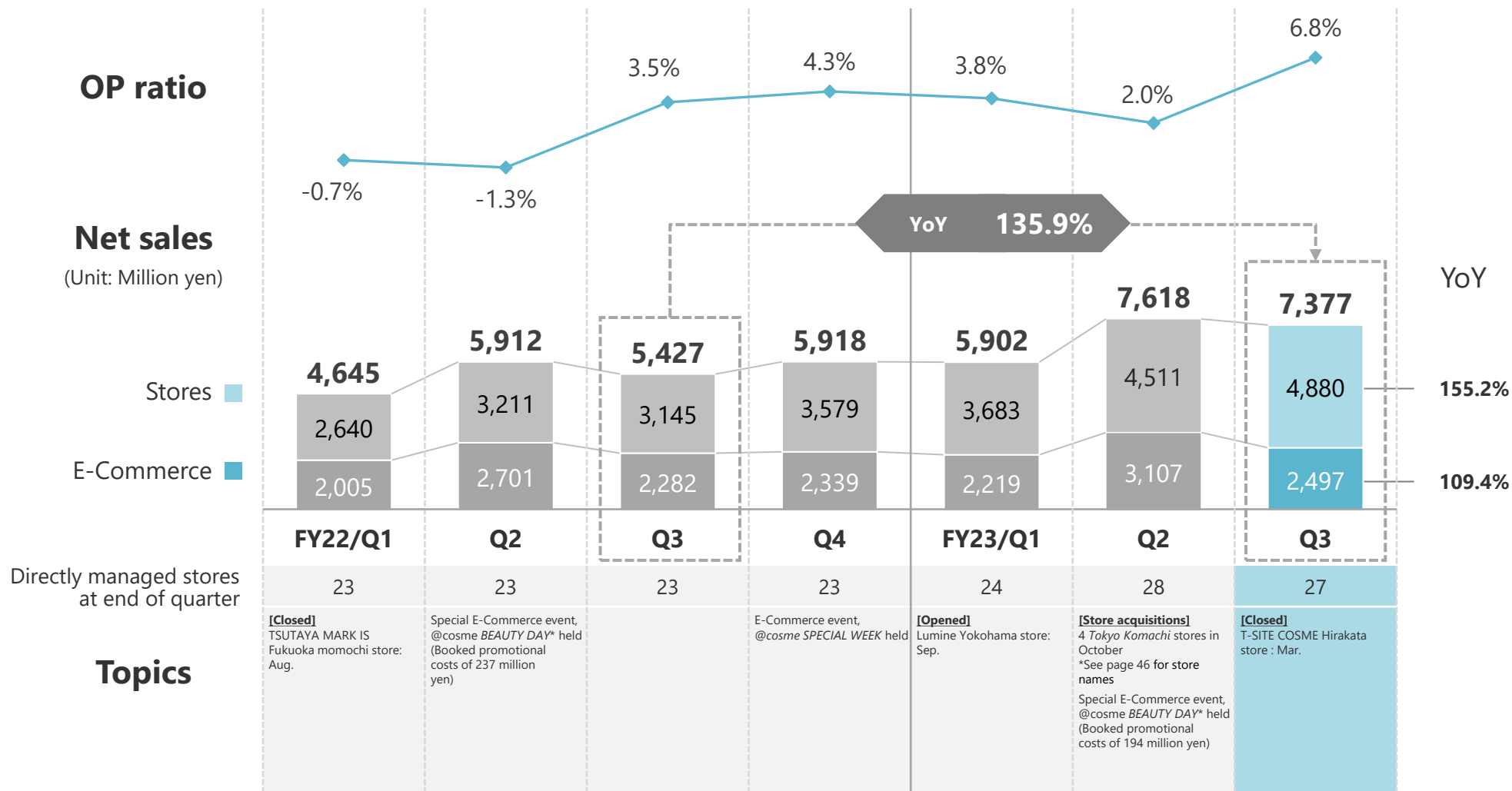
- Net Sales: QoQ sales decline due to seasonal factors, but in YoY, **BtoB sales grew steadily** due to collaboration with stores.
- OP ratio: Slight improvement from Q2, when there was a one-time software amortization.





# Trends in segment sales (Quarterly)

- Net Sales: **Significant increase in store sales** due in part to inbound sales. Steady YoY growth in EC despite QoQ sales decline due to event contribution in the past Q.
- OP ratio: Increased sales at stores helped OP ratio **exceed pre-COVID levels** (FY18.Q3: 5.2% / FY19.Q3: 3.8%).



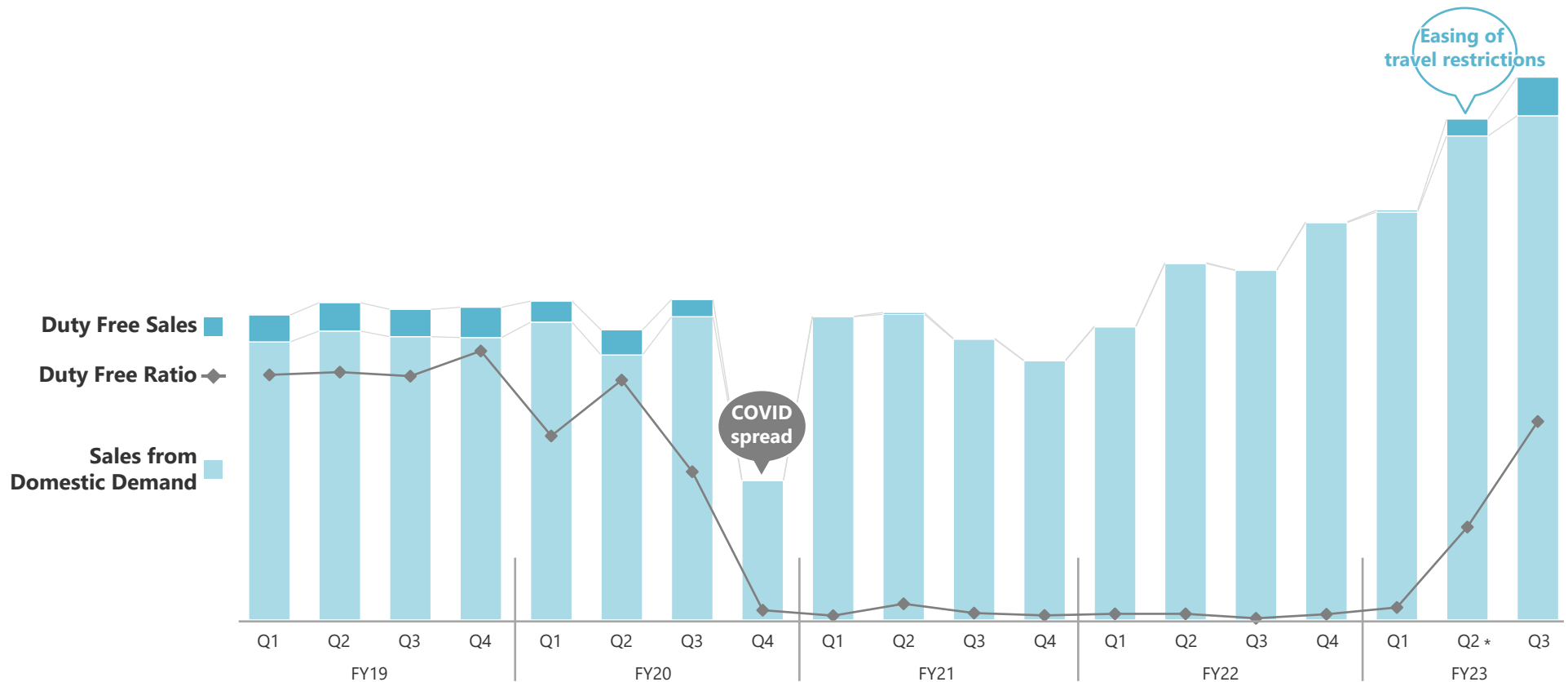
\* A special E-commerce event for three days only.



## Stores: Impact of Inbound Tourism in Scale and Percentage

- **Steady increase in sales** from inbound tourism since the easing of travel restrictions in October 2022 (Q2), even though not yet reaching pre-COVID levels.
- **Sales from domestic demand also grew steadily.**

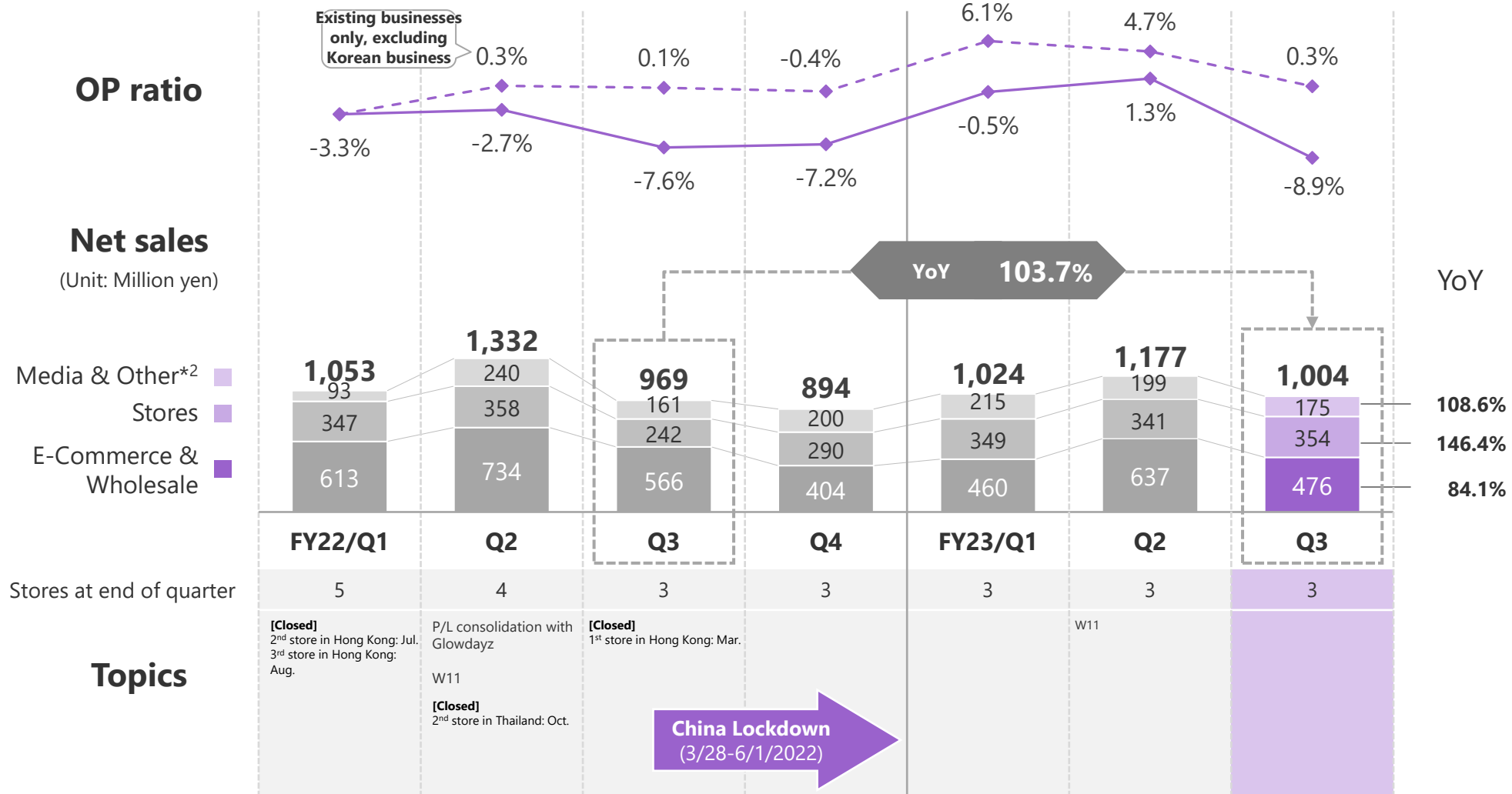
### Sales at Stores



FY23. Q2: Consolidated PL for 4 Tokyo Komachi stores. / Lumine Yokohama store, opened in Q1 (September) of the same year, made a full 3-month contribution.

# Trends in segment sales (Quarterly)

- Net Sales: Increased sales YoY due to **strong performance of Hong Kong stores**, although China cross-border EC (EC and wholesale) taking time to recover.
- OP ratio: Unprofitable due to sluggishness in Korea business, etc.



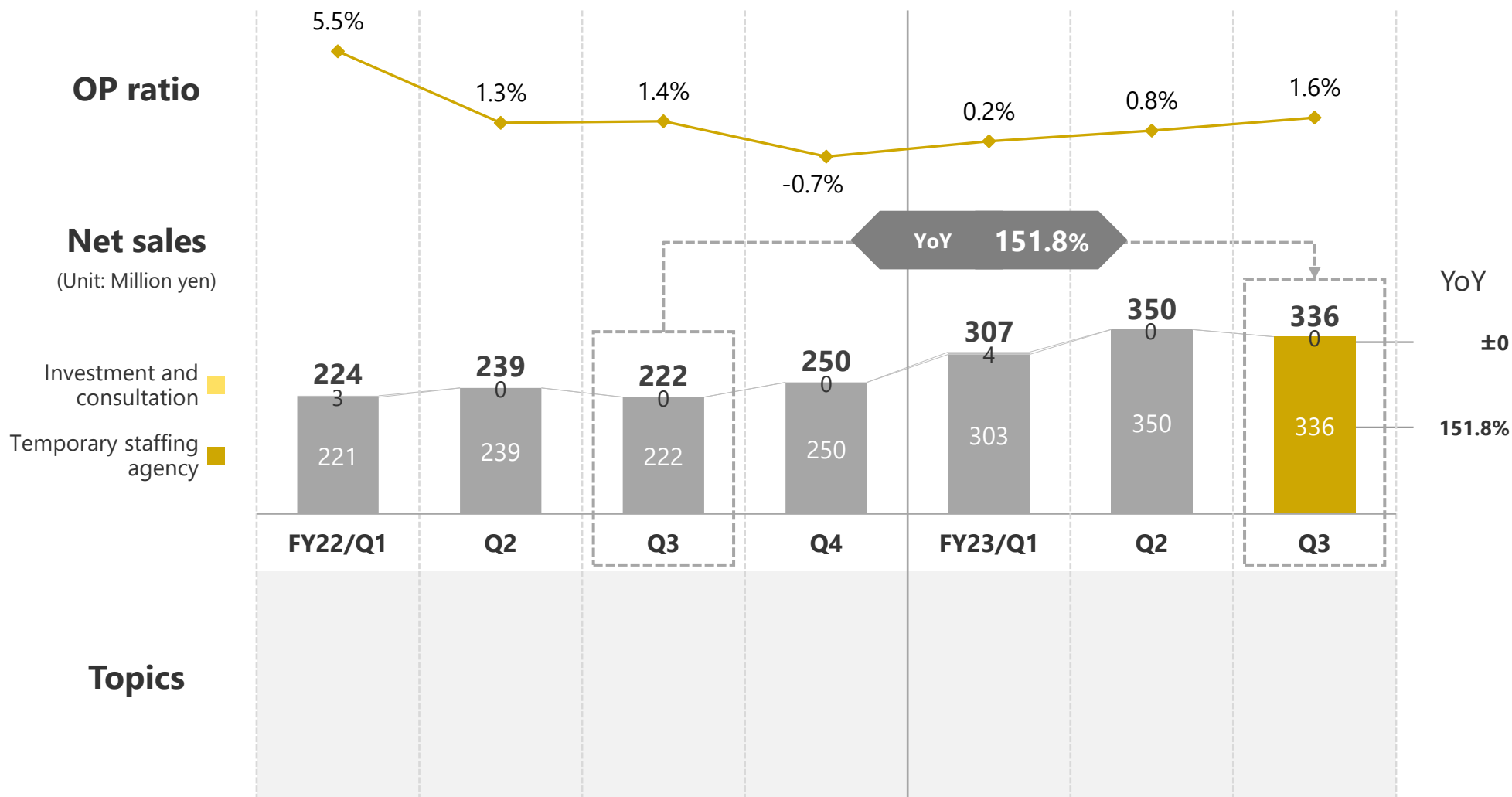
\*1 A major E-Commerce sale held on November 11 in China (Singles day)

\*2 P/L consolidation with Glowdayz(Korea) from FY22. Q2



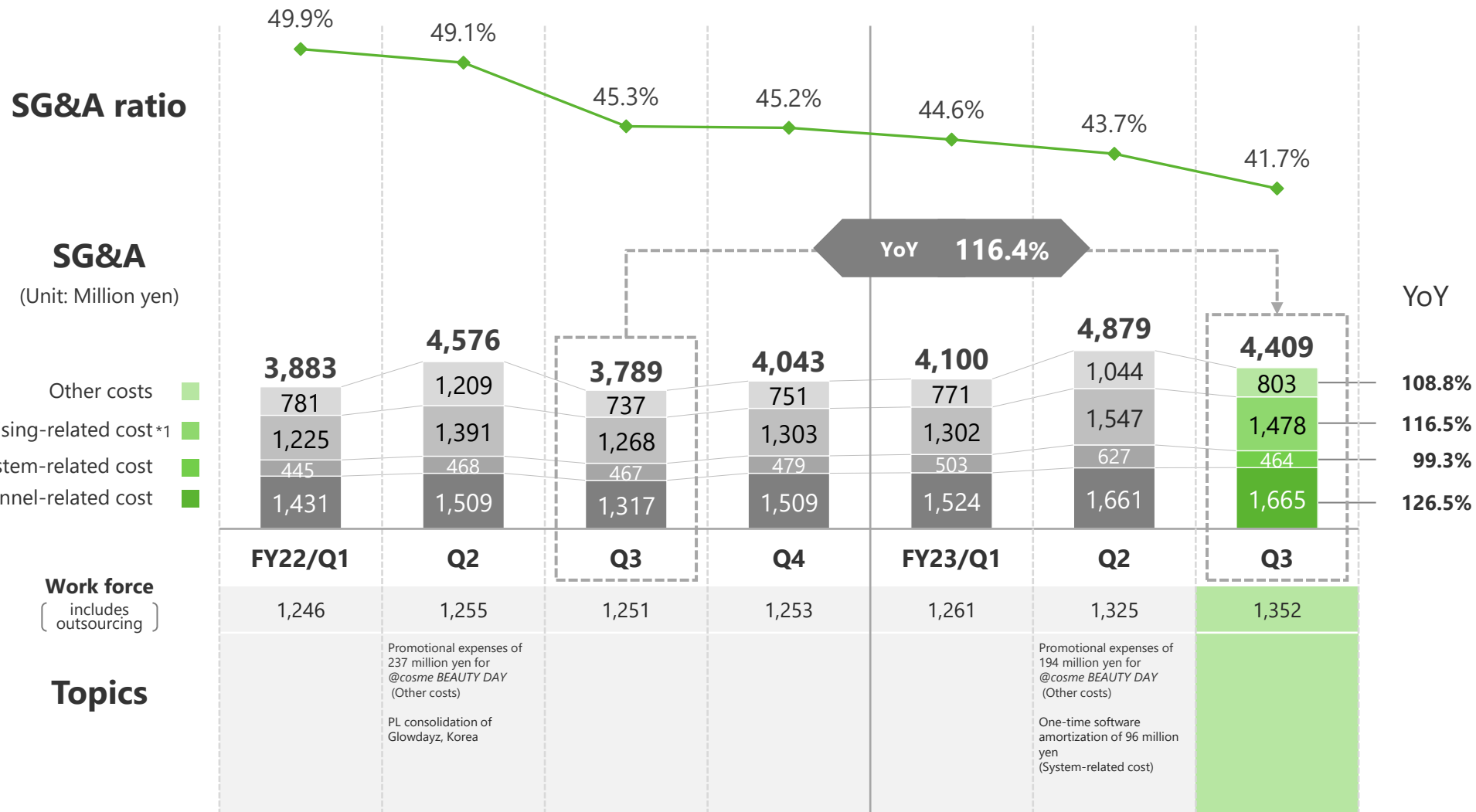
# Trends in segment sales (Quarterly)

- **Increased sales** as the Temporary Staffing business grew due to a continued increase in the number of staff in operation and a gradual recovery in the market, and the segment was profitable.



# Trends in SG&A expenses (Quarterly)

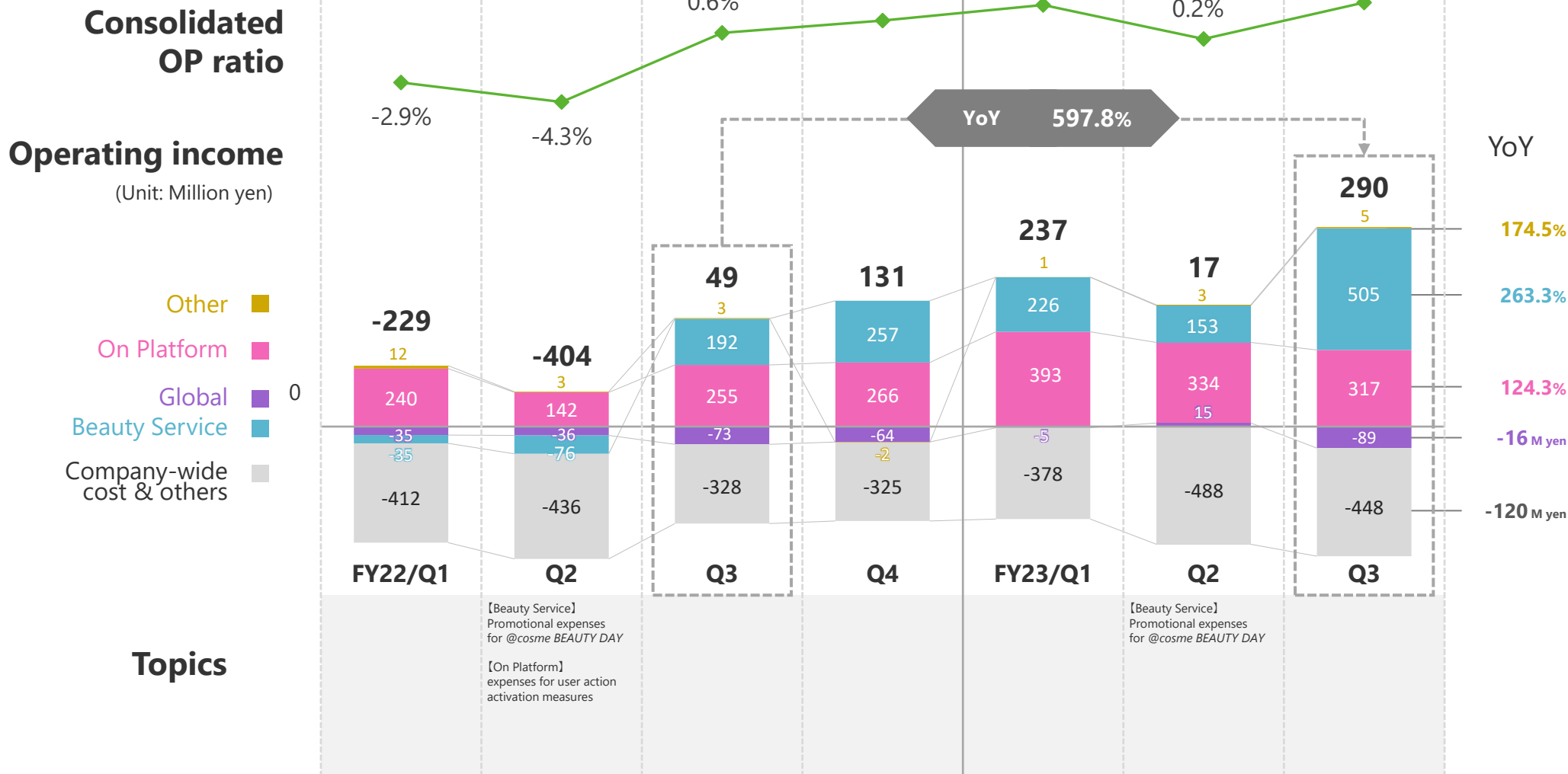
- **Increased sales** exceeded increased expenses YoY, **improving SG&A ratio**.



\*1 Total cost linked to the amount of sales in E-Commerce and store business, such as delivery fee or rent fee

# Trends in operating income by segment (Quarterly)

- **Beauty Service stores** drove consolidated profit, **absorbing increased expenses** to turn increased profit.



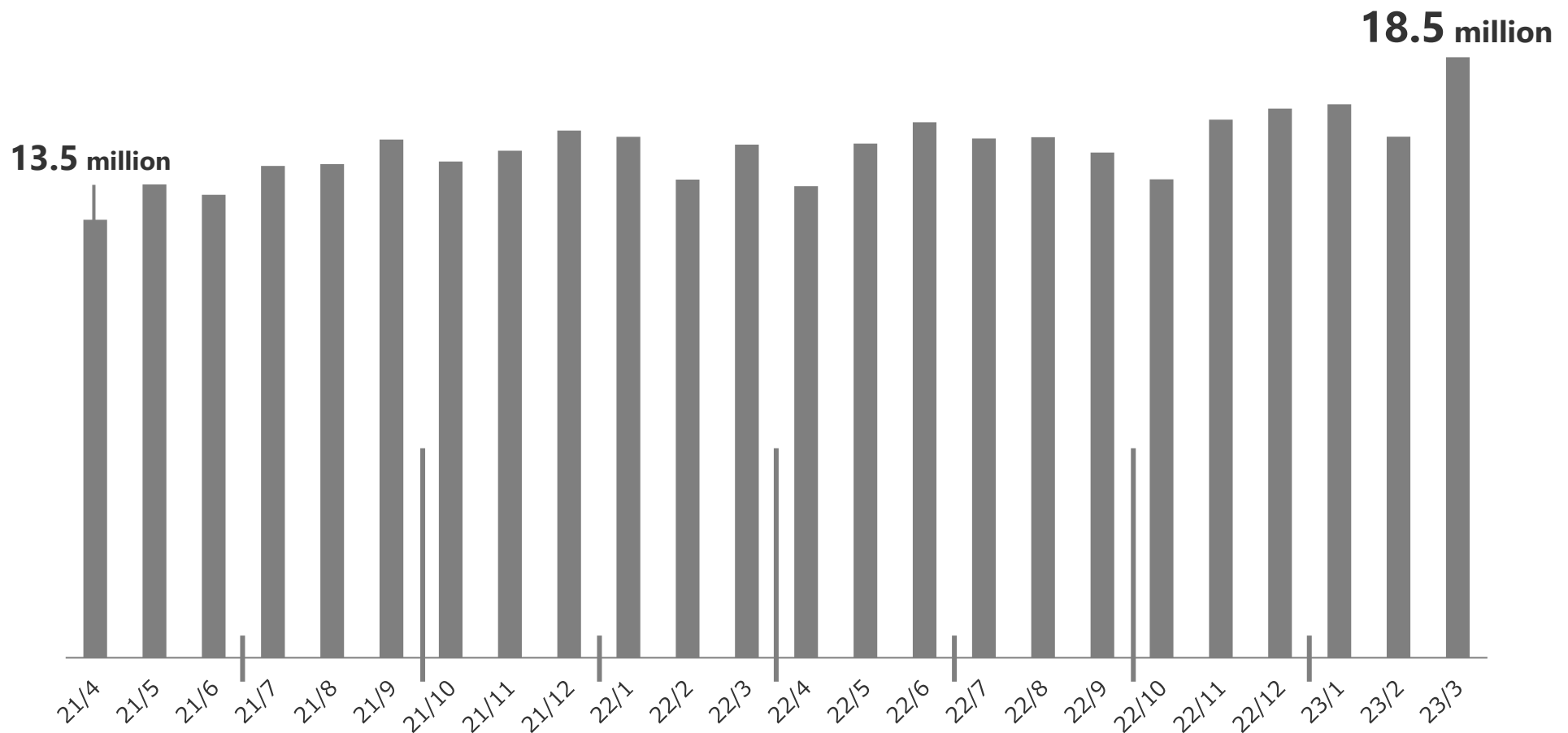
## ○ Status of Operating Services

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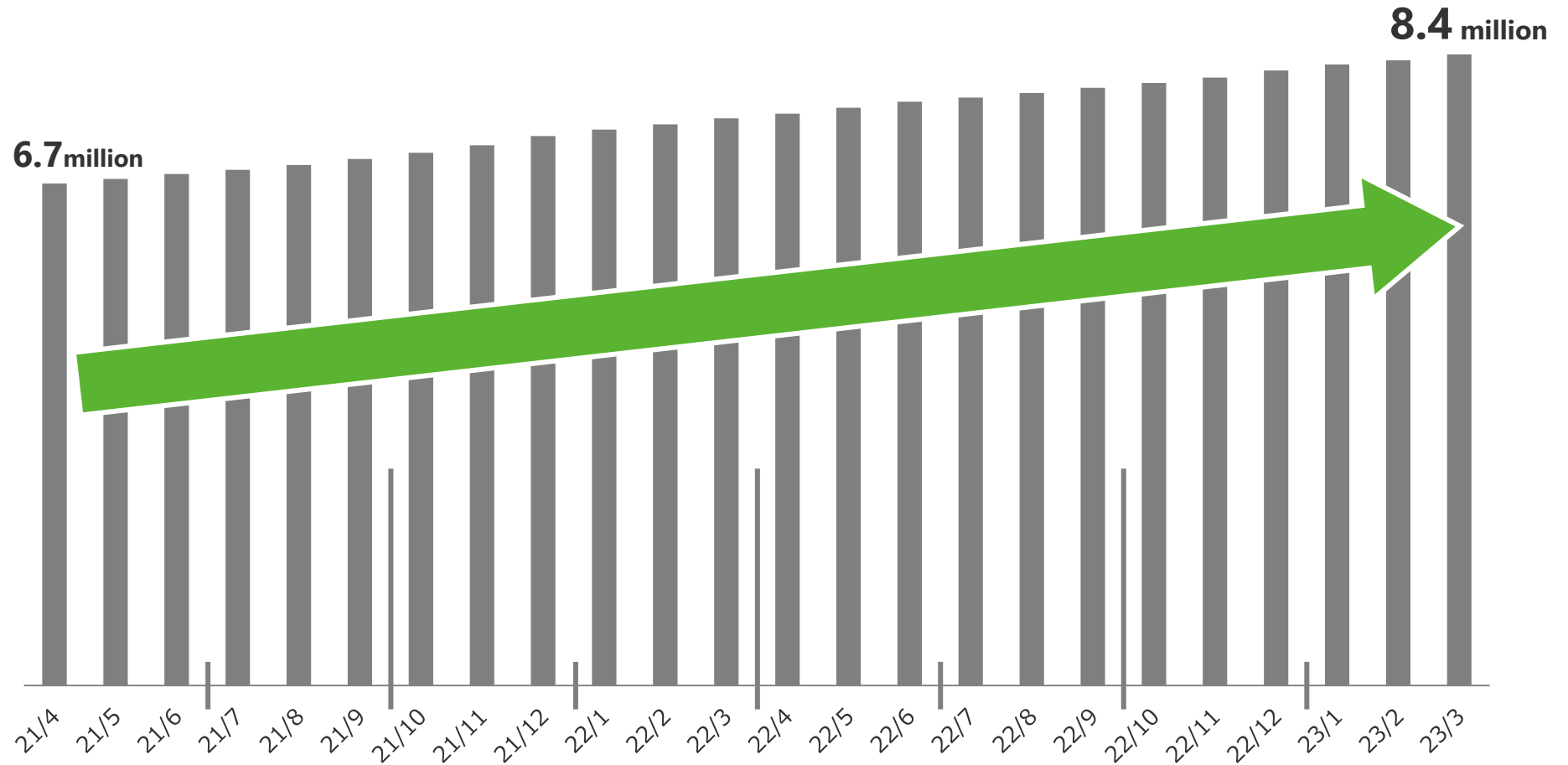
## Trend in number of @cosme's monthly unique users

- **Record-high MAU** due in part to changes in search site algorithms. SXO improvements to date lead to increased inflows.



# Trend in number of @cosme's members\*

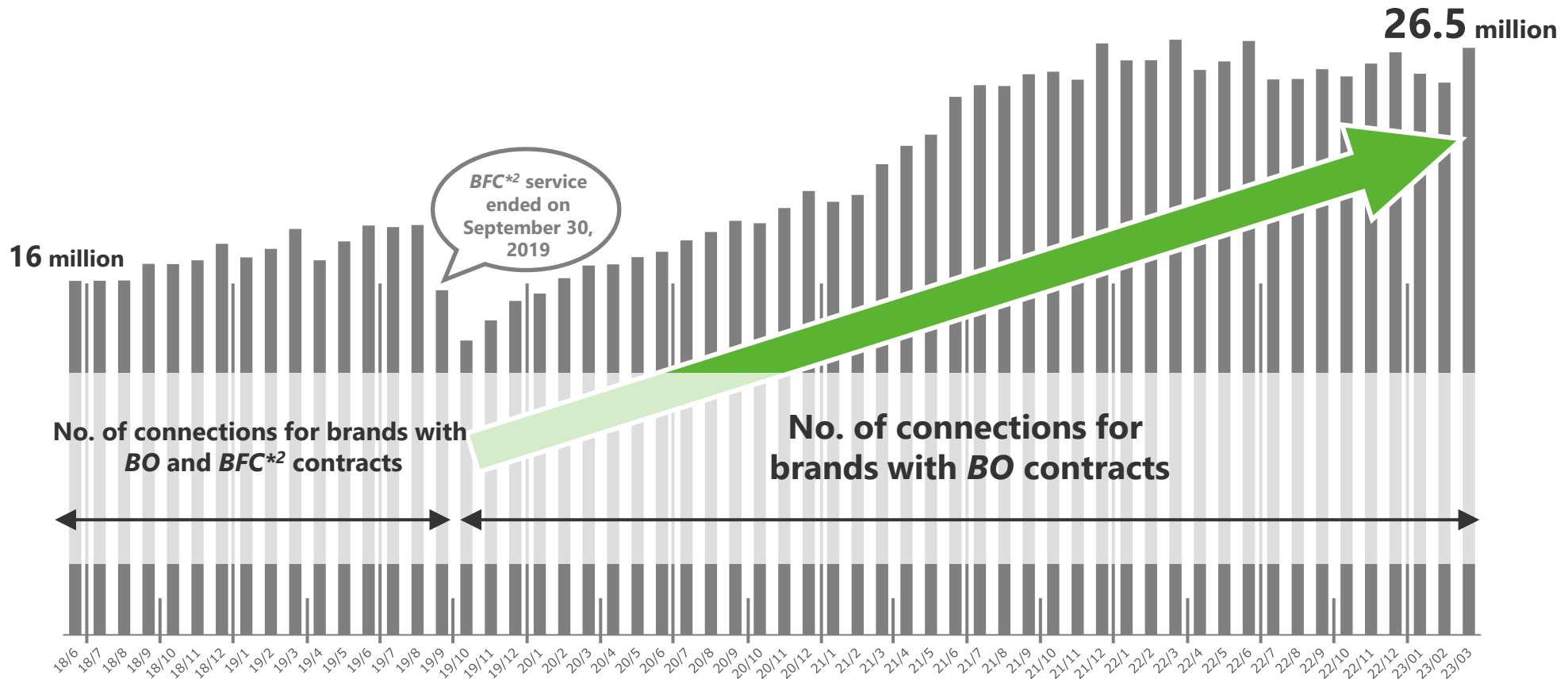
- Membership continues to trend up



\* Number of members registered as users on @cosme, which is different from paid members such as premium members.

# Trends in "connections," a marketing support service KPI\*1

- We expect this KPI to contribute to performance over the medium to long term and will continue to focus on it as a growth driver.



\*1 Total for actions by users towards contracting brands or brand products (if there are multiple follows, likes, and hases towards the same brand, it is counted as one connection)

\*2 *Brand Official's* predecessor, *Brand Fan Club* service.



# Opening Kansai's first large-scale flagship store, @cosme OSAKA this fall

- **Grand opening of flagship store this fall**, after relocation and expansion of @cosme STORE LUCUA Osaka \*.
- **Second large-scale flagship store after @cosme TOKYO in Harajuku**, and will have the second largest sales floor area and number of brands.

## 【Store Overview】



Name	: @cosme OSAKA
Scheduled Opening	: Fall 2023
Location	: 3F Western LUCUA 1100 (ihre) Osaka (direct access from JR Osaka Station) 3-1-3 Umeda, Kita-ku, Osaka
Sales Floor	: Approx. 893m <sup>2</sup>
Brands	: TBA

\* @cosme STORE LUCUA OSAKA is scheduled to close at the end of July 2023.

## 【Common concept of flagship stores】



**Creating a gateway to the "world of enjoying Beauty together," created by users and brands exchanging ways online and offline.**

## Revision of Full-Year Earnings Forecast for FY23



# Comparison of **preconditions for plan assumptions** with **recent trends**

	<b>Preconditions for initial plan</b> (As of August 2022)	<b>Recent trends</b> (As of March 2023)	<b>Target Segments</b>
<b>Domestic Cosmetics Market</b>	COVID impact gradually easing and trends towards recovery.	<b>Return of customers to our physical stores exceeded our expectations.</b>	<b>On Platform Beauty Service</b>
<b>Cosmetics Manufacturers</b>	Budget increases as manufacturers' domestic performance recovers along with the domestic market recovery.	<b>Recovery of manufacturers' marketing budgets is taking longer than we anticipated</b>	<b>On Platform</b>
<b>Inbound Tourism</b>	Not included in initial plan due to uncertain outlook.	Japanese government eased travel restrictions in Oct 2022, <b>resulting in a significant increase in non-Chinese inflows.</b>	<b>Beauty Service</b>
<b>Business Strategy</b>	Aiming for increased sales and increased profit by linking the growth of Beauty Service business to On Platform business.	<b>As a result of the linkage of media, stores, and EC, not only the Beauty Service business but also sales promotion services and other businesses expanded.</b>	<b>On Platform Beauty Service</b>
<b>Business Alliances</b> (with Amazon.com, Inc. and MITSUI & CO., LTD.)	Contribution of business alliances not included in the initial plan.	Limited contribution to this fiscal year's results (not included in results through Q3).	<b>All</b>



**Beauty Service stores** achieved increased sales and increased profit beyond expectations, leading to an upward revision of the full-year forecast.

## Revision of Full-Year Earnings Forecast for FY23

(Unit: Million yen)

	<b>Initial plan (A)</b>	<b>Revised plan (B)</b>	<b>Comparison (B/A)</b>
Net sales	40,000	<b>42,500</b>	<b>106.3%</b>
Operating Income	500	<b>800</b>	<b>160.0%</b>
Ordinary Income	170	<b>400</b>	<b>235.3%</b>
Net income attributable to the owners of the parent company	30	<b>100</b>	<b>333.3%</b>

# Comparison of Initial Plan and Revised Plan by segment

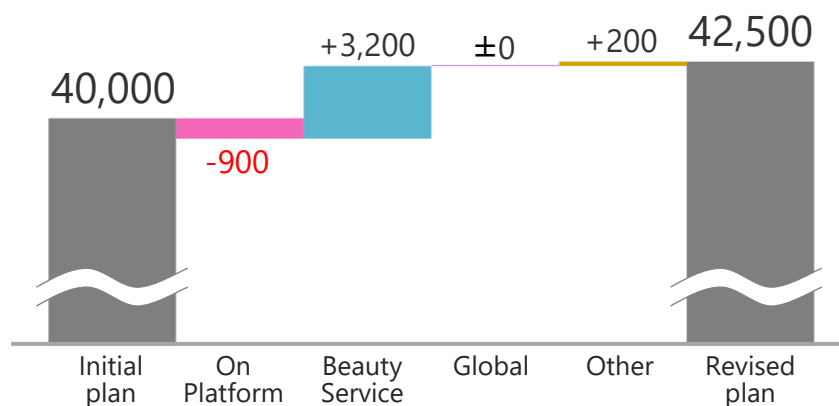
(Unit: Million yen)		Initial plan (A)	Revised plan (B)	Comparison (B/A)	YoY
Consolidated	Net sales	40,000	<b>42,500</b>	106.3%	123.5%
	OP	500	<b>800</b>	160.0%	+1,253
On Platform	Net sales	8,800	<b>7,900</b>	89.8%	108.0%
	OP	1,420	<b>1,450</b>	102.1%	160.6%
Beauty Service	Net sales	25,800	<b>29,000</b>	112.4%	132.4%
	OP	750	<b>1,300</b>	173.3%	384.6%
Global	Net sales	4,300	<b>4,300</b>	100.0%	101.2%
	OP	-100	<b>-100</b>	100.0%	+109
Other	Net sales	1,100	<b>1,300</b>	118.2%	139.0%
	OP	30	<b>20</b>	66.7%	117.6%
Companywide cost & others	OP	-1,600	<b>-1,870</b>	-270	-368



# Comparison of Initial Plan and Revised Plan / Reasons for Increase or Decrease in Each Segment

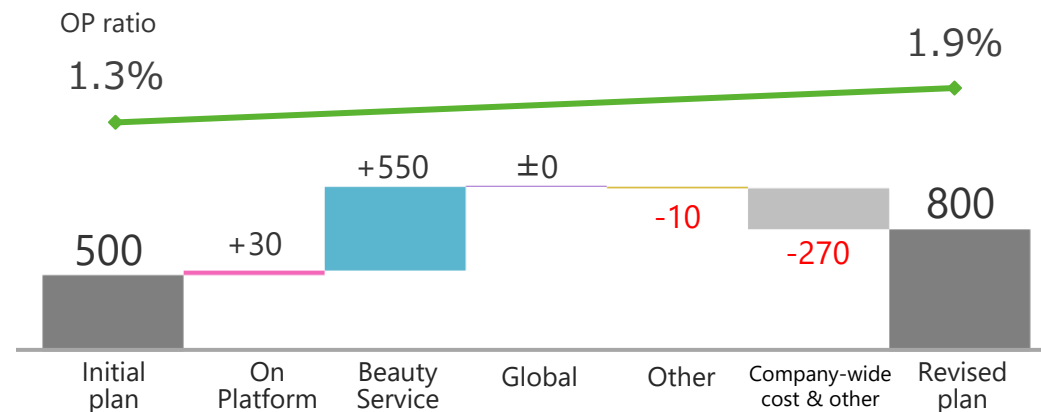
(Unit: Million yen)

## Consolidated Net Sales



(Unit: Million yen)

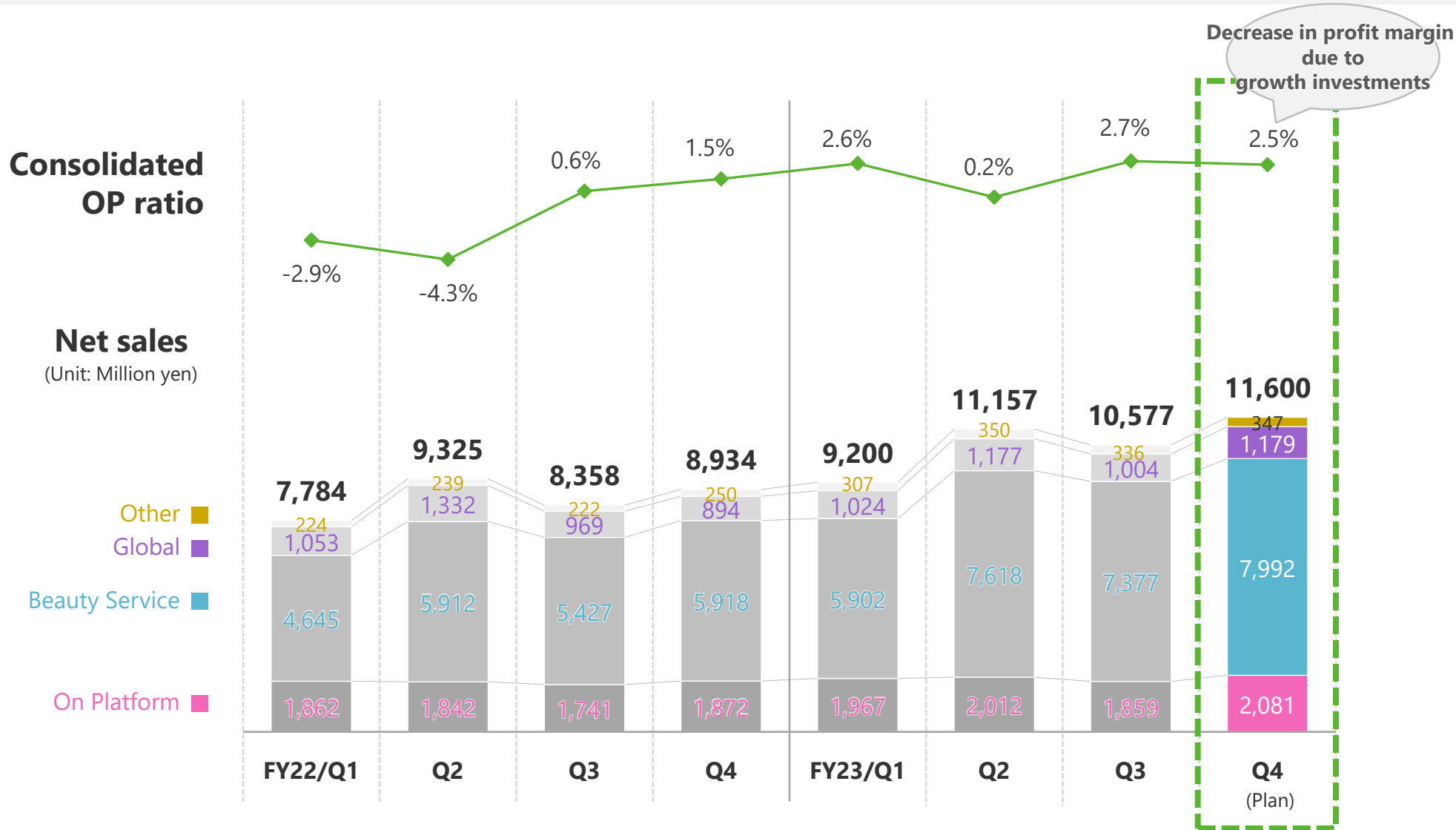
## Consolidated Operating Income



Segments	Increase/decrease (Unit: M yen)		Reasons for increase or decrease compared to initial plan
	Net sales	OP	
On Platform	-900	+30	Net Sales: Failure to meet plan due to delay in recovery of manufacturers' marketing budgets, as well as staff shortages caused by delay in hiring. Operating income: Unrecognized human resource-related expenses due to delays in hiring, which offset the decline in profit due to sales decline.
Beauty Service	+3,200	+550	Net Sales: Stores are experiencing an upswing as customers are returning higher than expected following the reopening. Operating income: Increased profit due to increased sales at stores.
Global	±0	±0	Net Sales and Operating Income: Net Sales and Operating Income of Hong Kong stores expected to be in line with plan despite sluggish Korean business.
Other	+200	-10	Net Sales: Similar to stores, up due to higher-than-expected physical demand.
Company-wide cost & other	N/A	-270	Likely to achieve conditions for issuance of stock-based compensation due to various profit upswings, resulting in bringing forward stock-based compensation expenses for the next fiscal year and beyond.

# Trends in segment sales (Quarterly)

- **Aiming for record-high Net Sales in Q4.** OP ratio expected to decrease slightly QoQ due to planned growth investments.



## Appendix



## Company information \*As of end of Dec. 2022

Corporate name	istyle Inc.
Listed stock exchange/ securities code	Listed on the Prime Market of the Tokyo Stock Exchange/3660
Chairperson and CEO President and COO	Tetsuro Yoshimatsu Hajime Endo
Date of establishment	July 27, 1999
Headquarters	1-12-32 Akasaka, Minato-ku, Tokyo, Japan
Capital	5,256 million yen
Accounting period	June 30
Description of business	-Planning and operation of the beauty site <i>@cosme</i> -Provides the related advertising and marketing research services
Number of employees	967 (consolidated) *As of end of Jun. 2022

# Main subsidiaries and affiliates

## 【Domestic】



### **istyle retail Inc.**

Operation of Cosmetics specialty store “@cosme STORE” and Cosmetics specialty E-commerce “@cosme SHOPPING”



### **istyle trading Inc.**

Wholesale, retail, and import/export of beauty products, and proxy services for the same



### **istyle career Inc.**

Operating “@cosme CAREER”, a job listing site for the cosmetics and beauty industries, and offering general worker temporary placement services



### **MEDIA GLOBE CO., LTD.**

PR and other communication about cosmetics to women’s magazines, beauty magazines, and women’s websites



### **Over The Border Inc.**

Operation of cross-border MCN



### **istyle me Inc.**

Influencer marketing business and web advertising agency business



### **IS Partners Inc.**

Creation, management, and editing of digital content specializing in the subject of beauty

## 【Overseas】



### **istyle China Co., Limited.**

Import/export, sale, and marketing support for cosmetics manufacturers



### **istyle China Corporation Limited**

Alliances, services, and business investments in Asian countries



### **istyle Retail (Hong Kong) Co., Limited**

Shop planning, development, and operation; promotional support for the retail and logistics sectors



### **i-TRUE Communications Inc.**

Operation of Taiwanese version of “@cosme”



### **istyle Global (Singapore) Pte. Limited**

Alliances and business investments in southeast Asian countries



### **MUA Inc.**

Operating beauty-related media outlets, etc.



### **Glowdayz, Inc.**

Planning and operation of beauty platform “GLOWPICK” and provision of related advertising services

# History

1999	Jul	Limited company I-Style Co., Ltd. Founded
	Dec	Launched @cosme, a cosmetics portal site
2000	Apr	I-Style Co., Ltd. becomes istyle Inc., a joint-stock corporation
2002	Nov	Opened cosmetics online shopping site <i>cosme.com</i> (now @cosme SHOPPING) and started operating of E-Commerce
2007	Mar	Opened first @cosme STORE in Shinjuku Lumine Est, Tokyo by cosme next co.,Ltd.
2008	Jan	Launched online recruitment website @cosme CAREER
2010	Sep	cosme next Co., Ltd. becomes a wholly owned subsidiary
2012	Mar	istyle Inc. went public on the Tokyo Stock Exchange Mothers market
	May	Acquired CyberStar Inc. (istyle Beauty Solutions Inc.), which runs <i>ispot</i> , and made it a consolidated subsidiary (Merged with istyle Inc. in July 2017)
	Aug	Established istyle Global (Singapore) Pte. Limited in Singapore
	Oct	Established istyle China Co., Limited in China
	Nov	Alteration of listing market from Mothers to Tokyo Stock Exchange First Section
2014	Jul	Acquired all shares in Beauty Trend Japan Co., Ltd., which runs <i>GLOSSYBOX</i> (now <i>BLOOMBOX</i> )
	Dec	Established istyle trading, Inc. to begin overseas E-Commerce and wholesale business in January 2015
2015	Jul	Established istyle career Inc., a recruitment company specializing in the cosmetics and beauty businesses
	Sep	Acquired Media Globe Co., Ltd., a PR company specializing in the cosmetics business, and made it a subsidiary (Became wholly owned subsidiary via share swap in June 2018)
2016	Mar	Established IS Partners Inc.
	Sep	Acquired shares in cosmetics retailer United Cosme Inc. and made it a subsidiary (Merged with cosme Next Co. Ltd. in July 2018)
	Oct.	Established istyle Retail (Hong Kong) Co., Limited
2017	May	Acquired shares in i-TRUE Communications Inc., which operates beauty portal site in Taiwan, and made it a subsidiary
		Established istyle USA Inc., thorough which company acquired U.S. beauty portal site MUA Inc. and made it a subsidiary in July
	Jun	Raised approximately ¥3.6 billion by the issue of new shares by international offering
2020	Jan	Opened a large flagship store “@cosme TOKYO” in Harajuku
	Nov	Raised approximately ¥2.1 billion by the issue of new shares by third-party allotment
2022	Apr	Moved to Tokyo Stock Exchange Prime market
	Sep	Raise 5 billion yen through convertible bonds
2023	Fall	@cosme OSAKA is scheduled to open

## Award History (Extract)

Nikkei Inc.  
**2002 Nikkei Internet Award**  
(Business Category)

World Economic Forum  
**2014 Global Growth Company**

Organization for Small & Medium Enterprises and Regional Innovation  
**2003 Japan Venture Award**

 **Forbes**  
**WOMEN**  
**AWARD**  
**2017 Forbes Japan Women Award**  
(Grand-Prix 2<sup>nd</sup> Place)

**50** | Technology **Fast 50**  
2017 Japan **WINNER**  
**Deloitte.**  
**2014-2017 Japan Technology Fast50**

**KOTLER**  
**AWARD**  
**JAPAN 2018**   
**2018 Philip Kotler Award Japan**

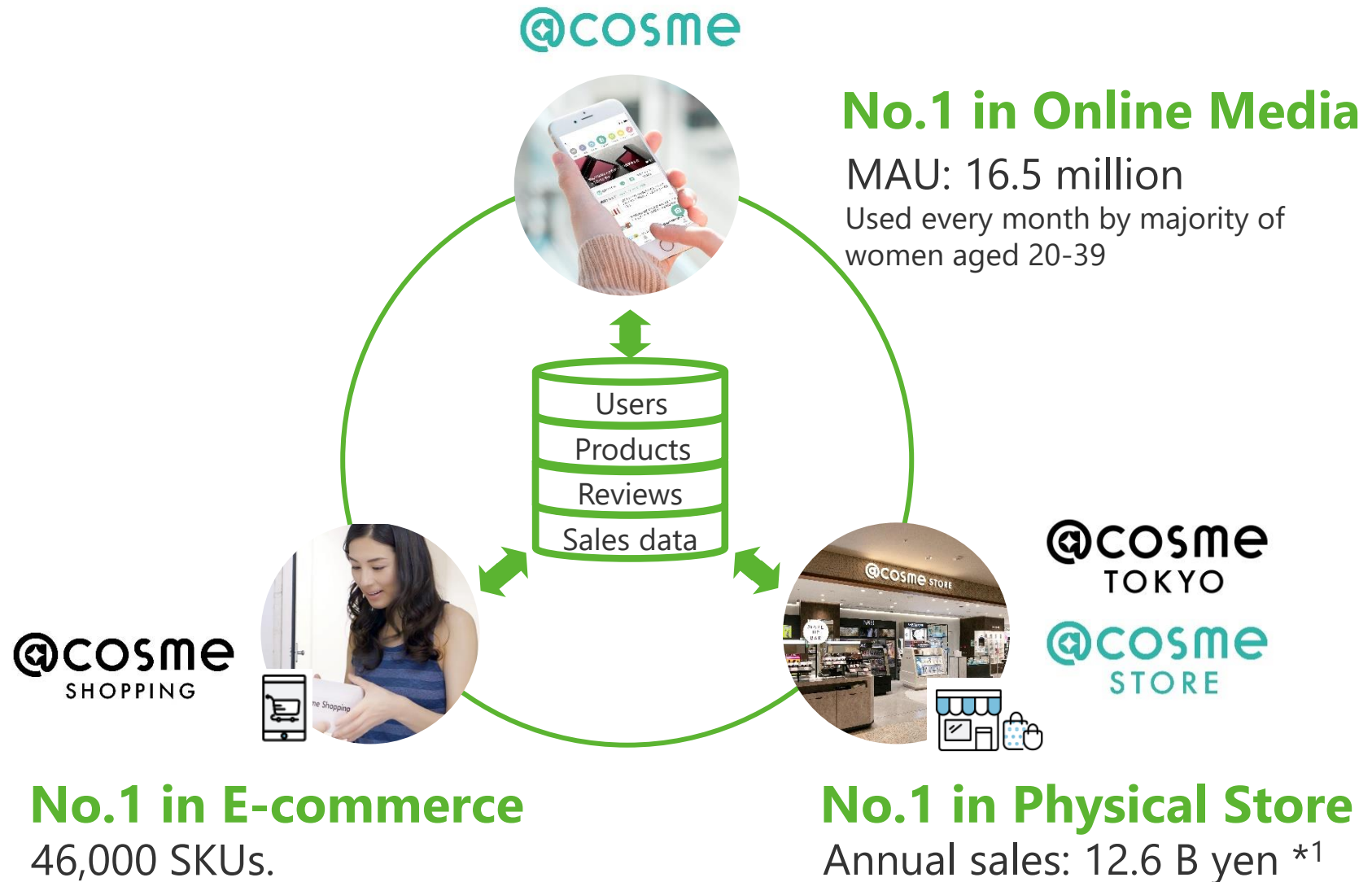
  
**2014 Michael Porter Prize Japan**

World Assoc. of Overseas Jap. Entrepreneurs  
**2019 Global Business Award**  
(Grand-Prix)

 **GOOD DESIGN AWARD**  
**2014 Japan Good Design Award**  
(Business Model Category)

 **コスメ・香水**  
**ジャンル賞**  
**Rakuten**  **コスメ・香水**  
**ジャンル賞**  
**Rakuten**  
**2020-2021 Rakuten Shop of The Year**  
(Beauty Category)

Launched *Brand Official*, positioned as second earnings pillar



\*1 Annual sales of @cosme SHOPPING and @cosme STORE in FY22

\*2 Figures are as of Jun. 2022



# Japan's largest level comprehensive beauty site @cosme

- @cosme is one of the Japan's largest comprehensive beauty site supported not only by users, but many other stakeholders (e.g. brands) as well.



Used every month  
by many women in  
their 20s and 30s

**Monthly unique  
users**

**16.5 million**

Mainly women aged 20  
– 39 who are sensitive  
to beauty trends

**Registered  
members**

**7.8 million**

Covers almost every  
brand marketed in  
Japan

**Registered  
brands**

**42,000**

Expanding beyond  
cosmetics into all beauty-  
related categories

**Registered  
products**

**370,000**

Japan's leading site  
specializing in beauty  
with largest number of  
reviews

**Registered  
reviews**

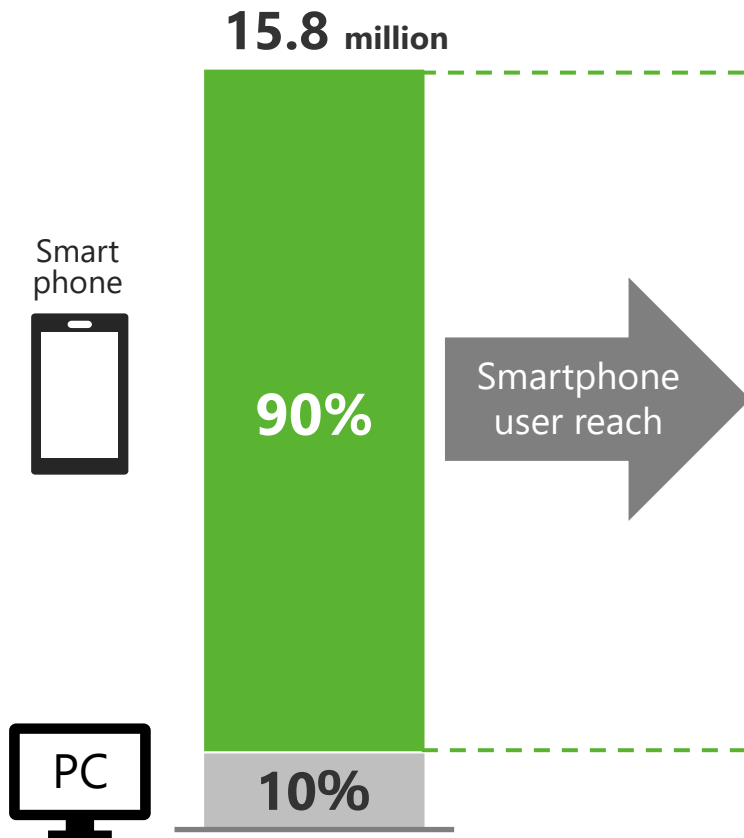
**18.1 million**

\* Figures are as of Jun. 2022

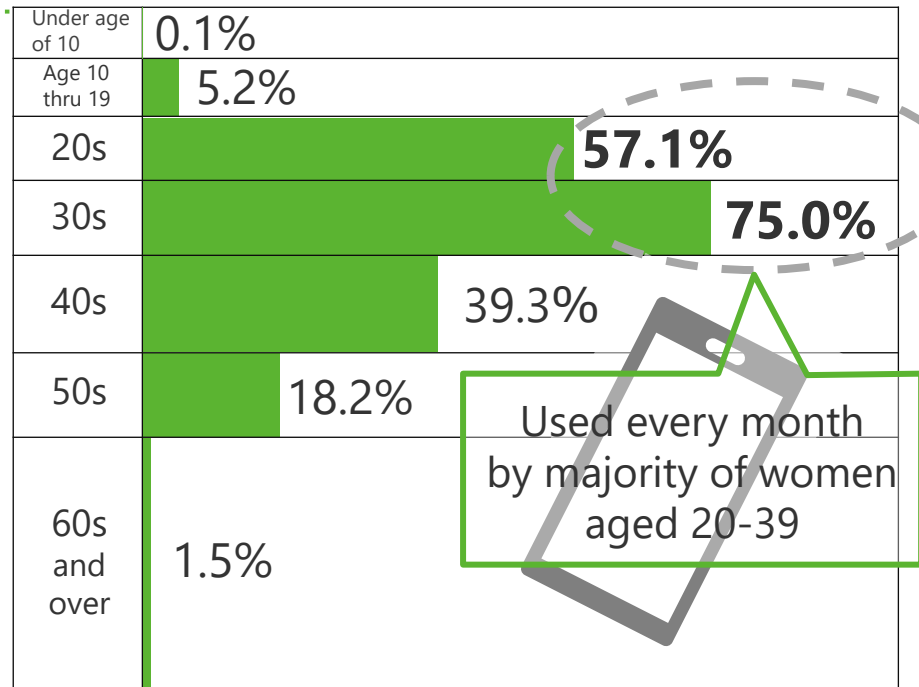
# @cosme / Overwhelming usage ratio by female members

- Roughly 16.5 million monthly unique users use @cosme portal site. (As of Jun. 2022)
- Massive reach among Japanese female members in their 20s and 30s.

Breakdown of monthly unique users  
(women only)



@cosme smartphone users  
as percentage of Japanese females (by age group)



Source: Population statistics published by Ministry of Internal Affairs and Communications. (figures determined on Jan. 2021)  
Calculations based on the number of unique users of PC, smart phone and feature phone as well as member distribution. (figures determined on Jun. 2021)

\* Width of bars representing age groups indicates the population of each group

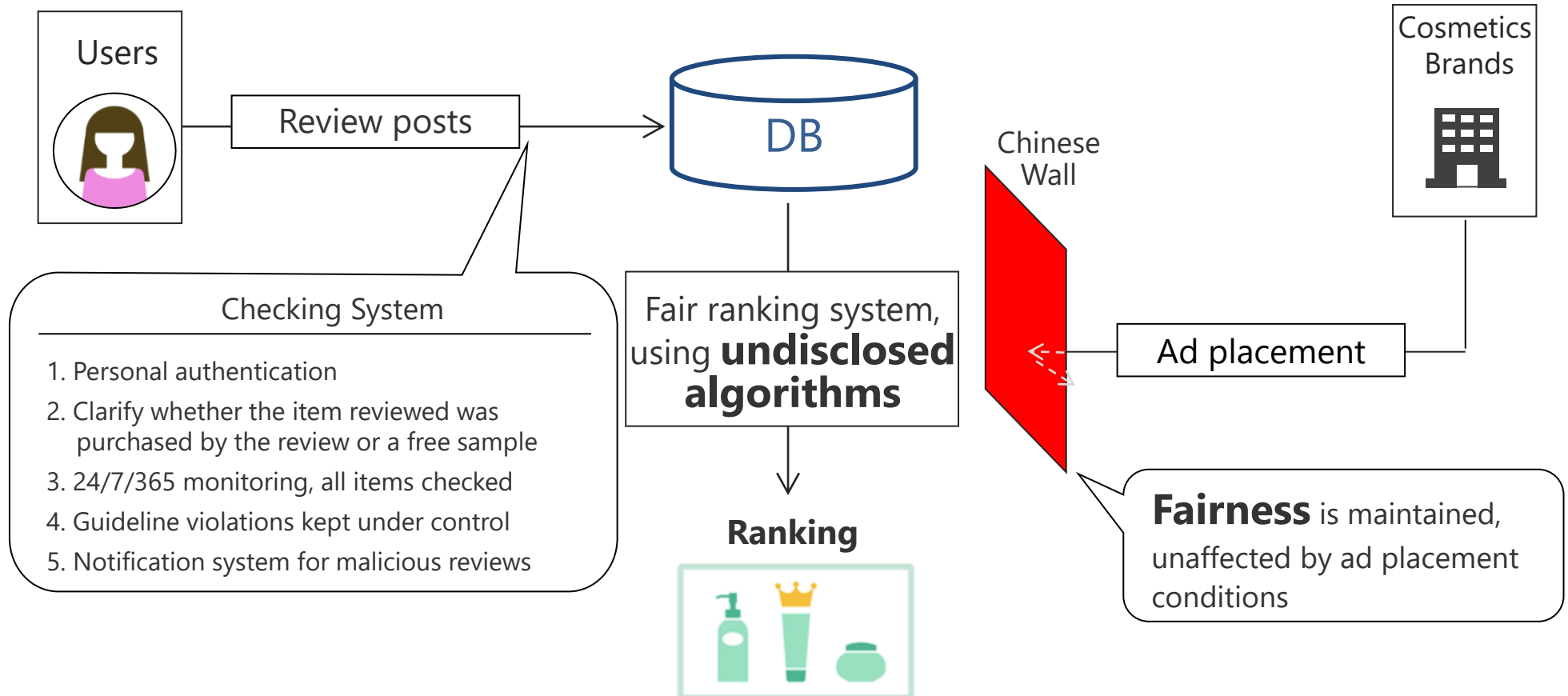
# Database soundness

- Each measure ensures that the database is sound

User

@cosme

Cosmetics Brands



# Our business portfolio (summary)

- **Provide a range of services via Beauty Platform @cosme**
- Launched new service utilizing database to grow into second earnings pillar after advertising

## B to B

**Advertising service**  
 Ads and promotions published in @cosme

Tie-up ads  
 +  
 Banner ads  
 etc.

**Marketing SaaS**  
 Services that make use of database

Monthly fee  
 +  
 Price per volume

## B to C

**Premium service & Bloombox**  
 Convenient, value-for-money services for consumers

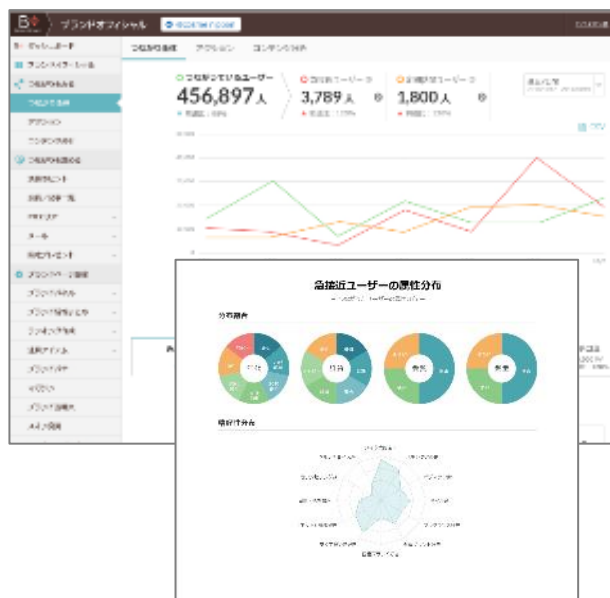
Monthly fee

**Database compiled by @cosme to be used to provide a new, cloud-based service that supports the entire marketing process**

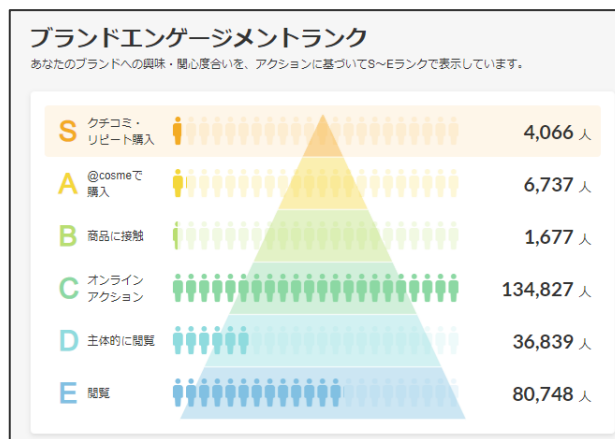
## Marketing SaaS "Brand Official"

- Enables @cosme user trend analysis and publicity within @cosme
- Monthly fee: 500,000 yen (1-year contract)  
We are also considering service under a price-per-volume system

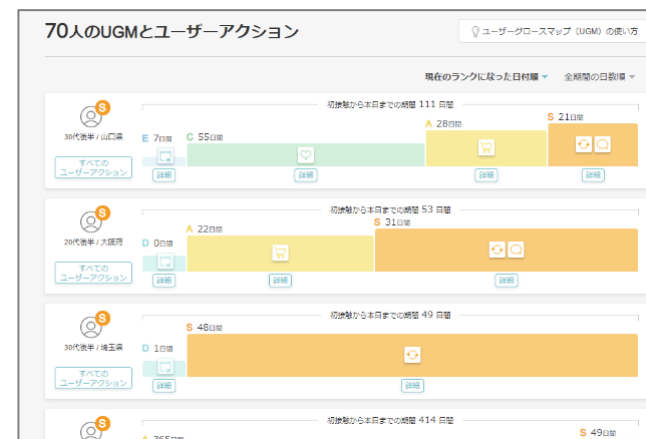
Connections between brands and users can be analyzed using indicators and graphs



Categorize users by extent of engagement, which makes it possible to efficiently share information



Make the process for reinforcing brand engagement visible





- Become operator of service businesses that **utilize @cosme**

## Offline retail (retail stores)

**Has become Japan's leading cosmetics retail group** by operating cosmetics retail stores

@cosme TOKYO, @cosme STORE

that utilize @cosme data in merchandising, etc.

Total 29 stores  
(As of Oct. 2022)



## Online retail (E-Commerce)

**Operate cosmetics E-Commerce sites**  
**@cosme SHOPPING linked to @cosme**



# List of directly managed stores (Total: 32 in Japan and overseas) \*As of May, 2023

## @cosme TOKYO (2 directory managed flagship stores)

Kanto	@cosme TOKYO (Harajuku store)	Opened in Jan. 2020	1,300㎡
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## @cosme OSAKA

Kinki	@cosme OSAKA (Osaka store)	Open scheduled for Fall 2023	About 893㎡
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## @cosme STORE (22 directly managed stores, Japan)

Hokkaido	TSUTAYA Sapporo Utsukushigaoka store	Opened in Sep. 2016	234㎡
	TSUTAYA Hakodate store	Opened in Nov. 2016	264㎡
Kanto	Aeon Mall Takasaki store	Opened in Oct. 2006 Expansion in Apr. 2020	254㎡
	Lumine Est Shinjuku store	Opened in Mar. 2007 Renovated in Sep. 2016	238㎡
	Ueno Marui store	Opened in Nov. 2008 Expansion in Feb. 2017	350㎡
	Lumine Ikebukuro store	Opened in Apr. 2012	257㎡
	Lumine Yurakucho store	Opened in Feb. 2014	224㎡
	Mizonokuchi Marui Family store	Opened in Oct. 2015	271㎡
	Ikebukuro Sunshine city store	Opened in Oct. 2016	162㎡

Kanto	Lumine Omiya store	Opened in Mar. 2018	241㎡
	Lalaport Fujimi store	Opened in Mar. 2018	244㎡
	NEWoMan Yokohama store	Opened in Jun. 2020	323㎡
	Lumine Yokohama store	Opened in Sep. 2022	349㎡
Chubu	Marie Toyama store	Opened in Sep. 1987 Expansion in Sep. 2018	191㎡
	Aeon Mall Takaoka store	Opened in Sep. 2002	172㎡
	Apita Town Kanazawa store	Opened in Nov. 2007 Renovated in Apr. 2017	228㎡
Kinki	Nagoya Takashimaya Gate Tower Mall store	Opened in Apr. 2017	182㎡
	TSUTAYA EBISUBASHI store	Opened in Nov. 2014	297㎡
	Kobe Marui store	Opened in May 2016	162㎡
Kyushu	Lucua Osaka store	Opened in Mar. 2017 Expansion in Apr. 2020	181㎡
	TSUTAYA Kumamoto Sannenzaka store	Opened in Jun. 2016	228㎡
	Amu Est Hakata store	Opened in Mar. 2017	142㎡

## 東京小町 (4 directly managed stores, Japan) \*1

Kanto	Tokyo Komachi LAZONA Kawasaki store	Opened in Sep. 2006	179㎡
	Tokyo Komachi LaLaport TOYOSU store	Opened in Oct. 2006	202㎡
	Tokyo Komachi LaLaport YOKOHAMA store	Opened in Mar. 2007	173㎡
	Tokyo Komachi AEON MALL Urawamisono store	Opened in Oct. 2012	162㎡

## @cosme STORE (1 franchise store)

Kinki	KEIHAN CITY MALL store	Opened in Mar. 2022 Franchised in Mar. 2022	137㎡
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## @cosme STORE (3 directly managed stores, overseas)

Hong Kong	East Point City store (Hang Hau)	Opened in Dec. 2018	191㎡
	Langham Place store (Mong Kok)	Opened in Oct. 2019	188㎡
	Lee Theatre store (Causeway Bay)	Opened in Dec. 2019	231㎡








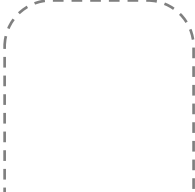




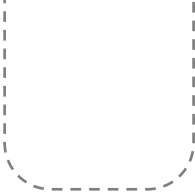


## @cosme STORE (1 duty free shop, overseas) \*2

China	Haikou International Duty Free City store (Hainan Island)	Opened in Oct. 2022	291㎡
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\*1 Acquired from Miz Corporation in September 2022 (included in consolidated income statement from Q2 FY23)

\*2 The products are not sold in this store but are purchased online by scanning the QR code in the product description of the displayed products.

- Adapt and extend business model established in Japan **to other countries**

	China	Taiwan	US, EU	HK	Korea
<u>Media</u>	 <p>Wechat Mini program (APP)</p>	 <p>@cosme (M&amp;A)</p>	 <p>MakeupAlley (M&amp;A)</p>	 <p>@cosme Hong Kong (APP)</p>	 <p>GLOWPICK</p>
<u>E-commerce Wholesale</u>	 <p>官方海外旗舰店 @cosme</p>			 <p>@cosme STORE (EC)</p>	 <p>GLOWPICK</p>
<u>Retail Stores</u>				 <p>@cosme STORE</p>	 <p>GLOWPICK</p>

\* Consolidated basis (does not include minor investments and business alliances)



# SUSTAINABILITY MATERIALITY - Main Efforts

## Materiality 01



### Trusted platforms

- Operate sound and independent review media (@cosme Declaration)
- Strengthen information security
- Create new value through IT (DX promotion/database)



Declarations

- |   |  |
|---|--|
| <p><b>1</b> Declaration 1: We work to help consumers find better ways to encounter beauty information.</p> <p><b>2</b> Declaration 2: We maintain a fair and independent stance.</p> <p><b>3</b> Declaration 3: We respect the opinions of @cosme members to the maximum extent possible.</p> | <p><b>4</b> Declaration 4: We operate the site with a high degree of transparency.</p> <p><b>5</b> Declaration 5: We do not allow coerced posts or intentional manipulation of ratings.</p> <p><b>6</b> Declaration 6: We comply with our legal and social responsibilities.</p> |
|---|--|

## Materiality 02

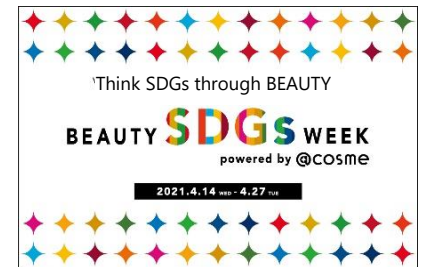


### Sustainable Beauty through "Joint Development"

- Foster awareness of sustainability among consumers
- Strive toward a recycling-oriented society with cosmetics brands (Show consideration for the environment by promoting recycling and reducing packaging materials.)

#### BEAUTY SDGs WEEK powered by @cosme

In order to realize a sustainable society, events will be held to increase awareness of sustainable activities of partner companies and increase the number of people interested in SDGs through the @cosme platform.

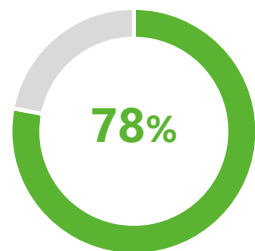


## Materiality 03

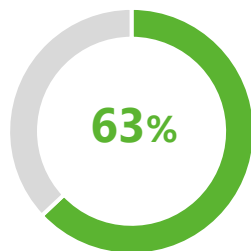


### Employee empowerment

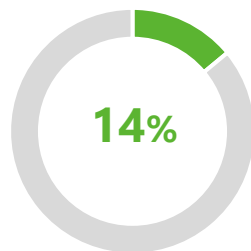
- Provide various options for ways to work (WFH/childcare leave)
- Substantial HR training system that promotes career development
- Promote diversity in human resources



Female employees



Female managers



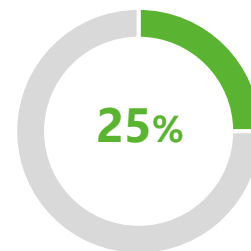
Foreign employees

## Materiality 04

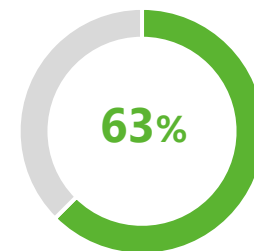


### Enhancement of governance

- Strengthen corporate governance
- More thorough compliance (educating employees about laws and social ethics)
- Formulate business continuity plan (BCP)



Female officers



Independent officers

\* Each numerical value is as of June 2022



## MARKET DESIGN COMPANY

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